

THE FACTORS AFFECTING THE OCCURRATION OF FRAUD IN PHARMACEUTICAL COMPANIES IN NORTH SUMATERA

Ahmad Riski Albar¹, Erlina², Iskandar Muda³

^{1,2,3}Universitas Sumatera Utara

riski.albar30@gmail.com

Abstract: The purpose of this study aims to determine and analyse the effect of Pressure, Opportunity, Rationalization, Capability, Greed and Exposure both simultaneously and partially on Fraud on pharmaceutical companies in North Sumatra. The study population is 154 employees of pharmaceutical companies. The sample was selected using a purposive sampling method that produced 61 employees as sample respondents. Data analysis methods in this study are descriptive statistics, multiple regression analysis (Multiple Regression Analysis), and to find out the regression coefficients using the Ordinary Least Square (OLS) method, classical assumption test, hypothesis testing. The data of this study were processed using the Statistical Package for Social Science (SPSS) program 21. The results of this study indicate that Pressure has a positive and significant impact on Fraud, Opportunity has a positive and significant effect on Fraud, Rationalization has a positive and significant effect on Fraud, Capability has a positive and significant effect on Fraud, Greed has a negative and insignificant effect on Fraud, and Exposure has a positive effect and not significant to Fraud on pharmaceutical companies in North Sumatra.

Keywords: Pressure, Exposure, Greed, Capability, Rationalization, Opportunity, Fraud, Pharmaceutical Company, North Sumatra.

1. Introduction

The pharmaceutical business sector has a vital role in the health sector. Service to the community which in this case is the handling of existing health problems is supported not only about health facilities but is supported by the role of the availability of medicines, consumable medical materials and quality medical devices is a necessity in the community today. The main factors that have become the growth of the pharmaceutical industry in Indonesia are Indonesia's large population, the public's awareness of the importance of health, and the ease of obtaining health services that increases with the presence of health BPJS. In addition, government regulations also become a definite factor that impacts on the portfolio and business pattern of an industry where in this case it is more specifically a pharmaceutical company. The Social Insurance Administration Organization (BPJS) is a form of government regulation today, specifically for the health Social Insurance Administration Organization (BPJS), the impact of this regulation is greatly felt by pharmaceutical businesses. Business competition is increasingly complicated to win the market in the pharmaceutical industry where each company will compete to increase the production of medicines, in collaboration with government and principals as an effort to win the market. Companies in the pharmaceutical industry sector are developing business to face

increasingly fierce competition, mainly producing pharmaceutical products whose quality and use are adjusted to the existing market, increasing service levels and developing more complex markets so that performance growth will continue to increase.

The Government of Indonesia through the Ministry of Indonesia State-Owned Enterprises (SOE) has several pharmaceutical companies that are leaders in the market including PT. Kimia Farma (Persero) Tbk, PT. Indofarma (Persero) Tbk, PT. Rajawali Nusindo and many more red plate pharmaceutical companies owned by the Indonesian government. As a state-owned company, certainly according to the tagline of SOE ministries' efforts, the echo is "SOEs Present to the Nation". It is expected that pharmaceutical companies, especially the red plate, will be able to contribute and contribute greatly not only in the context of profits or profits for the country, but can provide solutions to health problems faced with various health products that the company has. The journey to be able to become a government partner in dealing with various health problems certainly requires alignment of vision, mission, goals, planning, strategy, implementation and implementation that is able to answer the challenges of the times and existing health problems. Quality human resources as a driver of an organization or company is the foundation of not only scientific issues but moral responsibility in carrying out business activities of the company is also very important for the achievement of the goals of the pharmaceutical company. State-owned pharmaceutical companies also have the responsibility for financial reporting to the government without exception. Every year the Audit Board (BPK) audits financial reports conducted by state-owned pharmaceutical companies as a form of accountability and runs healthy business practices so that losses from fraudulent behavior that also involve state losses can be avoided. Because the position is the same, state-owned pharmaceutical companies must carry out healthy, transparent business practices and are subject to the existing government regulations, not only health regulations but also state financial regulations.

Acts of fraud is one of the biggest problems that are constantly experienced by various sectors, both the government sector or the private sector that will continue to damage the policy structure and even the credibility of a business entity. Hamdani (2015) states that in the long run, corruption which is part of fraud itself can cause moral damage to many individuals, families, Indonesian people and the world, and even undermine the country's legitimacy and credibility in the eyes of society.

Pharmaceutical companies are a sector that is quite interesting to discuss especially in the province of North Sumatra where there are many cases of corruption in the procurement of drugs and medical devices. As a pharmaceutical company which is vital for the community as a partner to improve living standards and health. The involvement of the private sector which incidentally as a business entity that intersects with the government in its business practices also contributes to the participation of many fraudulent practices in the form of corruption in procurement of goods and services specifically in the health sector as well as the need for medicines and medical devices needed by local governments both the Health Service which distributes to Community Health Center to various corners of

the districts and villages as well as Integrated Service Units such as Regional General Hospitals need special attention.

Some cases of fraud in the procurement and distribution of medical devices in North Sumatra involving several state administrators to the private sector, as reported by Okezone.com (2018) related to the involvement of Commitment-Making Officials, Chair of the Committee and Secretaries of the medical equipment procurement committee (Alkes) and birth control pills at the Swadana Tarutung General Hospital (RSU) for Fiscal Year 2012. The value of the state loss is estimated at more than Rp 1.2 billion. Merdeka.com (2018) also reported cases of corruption of medical devices in the Regional General Hospital (RSUD) Panyabungan Mandailing Natal North Sumatra APBNP 2012, the State loss reached Rp 4.2 billion. Still in the same budget year, namely the corruption of medical devices in Pirngadi District Hospital in Medan in the 2012 Fiscal Year, the value of the loss of Rp 1.1 billion and the Case of Procurement of Medical Devices for the Djoelham Regional General Hospital in Binjai City in the 2012 Fiscal Year which cost the country up to Rp 3, 5 CE (Tribune, 2018).

Many triggers that underlie fraud or fraud can occur including research conducted by Cressey (1973) there are three triggering factors of fraud and interconnected among them are Pressure, Opportunity and Rationalization. Wolfe, Hermanson (2004) also complements previous research by suggesting that Capability is also a factor in the occurrence of fraud with a theory better known as the diamond fraud theory. Bologne (1993) also states that there are a number of factors resulting from Fraud known as the GONE theory in which there are 4 factors that influence it, namely Greed, Opportunity, Need and Exposure. Of the many theories of the occurrence of fraud factors above, the researcher becomes the research variable.

2. Literature Review

2.1 Fraud

The Criminal Code (KUHP) states the definition related to fraud article 378 related to cheating in the definition of the Criminal Code that is “with the intention to benefit oneself or others against the law, by using a false name or false dignity, by deception, or a series of tricks, or a series of tricks. lies, moving other people to give up something to him, or in order to give debt or write off receivables”. Fraud can be summed up as a deliberate crime committed either individually or by an entity that can result in the loss of many parties or society widely due to the low morale of the perpetrators with various unlawful actions in the hope of profit from the act of fraud.

2.2 Fraud Triangle Theory

The fraud triangle theory is an idea that examines the causes of fraud. This idea was first coined by Donald R. Cressey (1953) and introduced in professional literature in SAS No. 99, which is called a fraud triangle. Fraud triangle explains three factors of perpetrators of fraud, including:

1. Pressure, namely the pressure of the need to commit fraud. Pressure can cover almost anything including lifestyle, economic demands, etc. including

financial and non-financial matters as well as the work environment. According to SAS No. 99, there are four types of conditions that commonly occur under pressure that can lead to fraud. Namely financial stability, external pressure, personal financial needs, and financial targets.

2. Opportunity, which is a situation that opens opportunities to allow for fraud to occur. Usually occurs due to weak internal control of business entities, lack of supervision and abuse of authority. Among other elements of fraud, opportunity is the most likely element to be minimized through the application of processes, procedures, and efforts for early detection of fraud.
3. Rationalization is the presence of attitudes, character, or a set of ethical values that allow certain parties to commit fraud, or people who are in an environment that is sufficiently pressurizing that makes them rationalize fraud. The most widely used rationalization or attitude is borrowing only the stolen assets and the reason that their actions are to make the people they love happy (Rini, 2012). Albretch et al. (2011) revealed the rationalization carried out by the actors in the form of an assumption from the perpetrators themselves that the business entity owes its performance and the actions taken are merely to make people happy.

2.3 Fraud Diamond

Fraud diamond is a new view of phenomena that was developed by adding one component, namely capability and introduced by Wolfe and Hermanson (2004). Wolfe and Hermanson said that “many frauds would not have occurred without the right person with the capabilities of the details of fraud”.

The three components of diamond fraud have been described in the fraud triangle theory. Then capability is explained by Wolfe and Hermanson as an ability possessed by someone in this case the perpetrators to take advantage of the existing situation because only he has the ability in a particular field and that is what drives a person to commit fraud.

According to Kassem and Higson (2012) Three things that can be observed in predicting fraud are:

1. The official position or function in the organization.
2. Capacity to understand and utilize accounting systems and internal control weaknesses.
3. Confidence that he will not be detected or if caught he will come out easily.

Wolfe and Hermanson (2004) explain the characteristics related to capability elements that are very important in the person of perpetrators of fraud, namely:

1. Positioning, the position of a person or function in an organization can provide the ability to create or take advantage of opportunities for fraud. Someone in a position of authority has greater influence over a particular situation or environment.
2. Intelligence and creativity, the perpetrators of this fraud have sufficient understanding and exploit the weaknesses of internal control and to use the position, function, or authorized access to the greatest advantage.
3. Evidence / Ego, Individuals must have a strong ego and great confidence he will not be detected. General personality types include someone who is driven

to succeed at all costs, selfish, confident, and often loves himself (narcissism). According to the Diagnostic and Statistical Manual of Mental Disorder, narcissistic personality disorders include the need to be admired and the lack of empathy for others. Individuals with this disorder believe that they are superior and tend to want to show their achievements and abilities.

4. Coercion, Fraudsters can force others to commit or hide fraud. An individual with a persuasive personality can more successfully convince others to go along with fraud or look the other way.
5. Deceit, successful fraud requires effective and consistent lies. To avoid detection, individuals must be able to lie convincingly, and must track the whole story.
6. Stress, individuals must be able to control stress because of committing fraud and keeping it hidden can be very stressful.

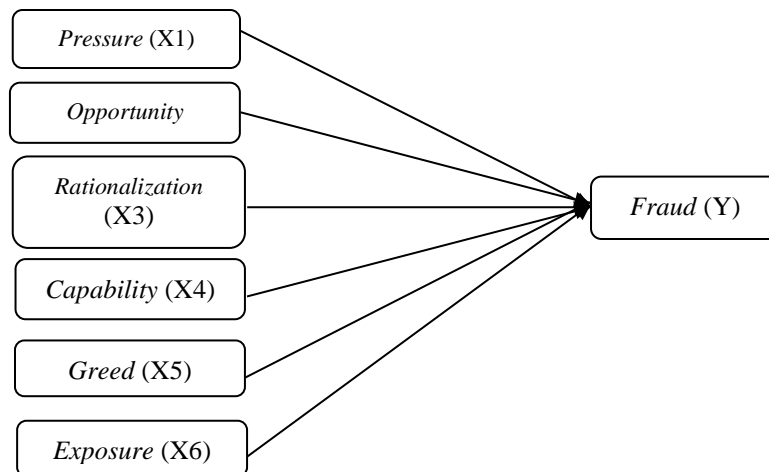
GONE Theory

The GONE theory put forward by Jack Bologne (1993) is often called the GONE Theory, which is described as follows:

1. Greed (greed), associated with the existence of greedy behavior that potentially exists in every person.
2. Opportunity (opportunity), relating to the state of the organization or agency or community in such a way that opportunities for someone to commit fraud.
3. Need (needs), relating to the factors that are needed by individuals to support a reasonable life. And projected is part of the pressure component that has been explained in the theory of fraud triangle and diamond.
4. Exposure (disclosure), relating to actions or consequences faced by perpetrators of fraud.

2.4 Conceptual Framework

The conceptual framework is based on a background supported by theoretical foundations and prior research reviews on the influence of variable pressure (X1), opportunity (X2), rationalization (X3), capability (X4), greed (X5), and exposure (X6) as variables independent of fraud (Y) as the dependent variable. The research framework is described as follows:



2.5 Hypothesis

Hypotheses are formulated on the basis of a framework of thought which is a temporary answer to the problem being formulated. Based on the problem formulation, literature review and conceptual framework, the following hypotheses are proposed:

- H1. Pressure positively influences fraud that occurs in pharmaceutical companies in North Sumatra Province.
- H2. Opportunity has a positive effect on fraud that occurs in pharmaceutical companies in North Sumatra Province.
- H3. Rationalization has a positive effect on fraud that occurs in pharmaceutical companies in North Sumatra Province.
- H4. Capability has a positive effect on fraud / fraud that occurs in pharmaceutical companies in North Sumatra Province.
- H5. Greed has a positive effect on fraud / fraud that occurred in pharmaceutical companies in North Sumatra Province.
- H6. Exposure has a positive effect on fraud / fraud that occurs in pharmaceutical companies in North Sumatra Province.

3. Method

This type of research used in this research is associative research - causal. Causal associative research aims to analyze the relationship between one variable with another variable or how an independent variable affects the dependent variable (Sugiyono, 2016). The population of the research is 154 employees of three pharmaceutical companies. The sample was selected using a purposive sampling method that produced 61 employees as a sample.

Descriptive statistics are used to provide a description or description of a data that is seen from the average (mean), standard deviation (standard deviation), maximum and minimum (Ghozali, 2013). Data analysis methods in this study are descriptive statistics, multiple regression analysis (Multiple Regression Analysis), and to find out the regression coefficients using the Ordinary Least Square (OLS) method. This research data was processed using the Statistical Package for Social Science (SPSS) program 21.

The classic assumption test is the assumption underlying the regression analysis with the aim of measuring the association or attachment between independent variables. There are four tests related to the classical assumption test, namely the normality test data, multicollinearity test and heteroscedasticity test.

To test the hypothesis, it is carried out with a precision estimate test to find out how big is the relationship between the independent variable and the dependent variable. Testing the hypothesis in this study using the coefficient of determination test (R^2), Simultaneous Significant Test (F-Test) and Partial Significant Test (T-Test).

4. Result and Discussion

4.1 Result

The instrument validity test was carried out to find out the research instrument was able to reflect the content according to the thing and the nature measured,

meaning that each item of the instrument had truly described the entire contents or the nature of the concept on which the instrument was based. The known r value for the two-sided test at a significance level of 5% ($p = 0.05$) with the number $N = 61$ is 0.252. Of all the questions from each variable declared valid because the calculated R value for all items is greater than the R table after processing the data.

Reliability tests are used by calculating alpha values or by Cronbach's Alpha. Cronbach's Alpha calculation is done by calculating the average of intercorrelations among the questions in the questionnaire. The reliability testing criteria according to Ghozali (2013) are if the alpha coefficient results are greater than the significant level of 60% or 0.6 then the Questionnaire is reliable and if the Alpha coefficient results are smaller than the significant level of 60% or 0.6 then the questionnaire is not reliable. From all the questions of each variable stated reliable seen from the results of the processed data Cronbach's Alpha value of each variable including pressure 0.742 with opportunity value with a value of 0.634 rationalization with a value of 0.645 capability with a value of 0.850 greed with a value of 0.748 and exposure with a value of 0.669.

The classic basic assumption test is performed to obtain a regression model that shows a significant and representative relationship in a statistical sense is BLUE (Best Linear Unlimited Estimations). Normality test aims to test whether in the regression model of each variable has a normal distribution. Using the Kolmogorov-Smirnov test and the P-P plot graph shows that the data has been normally distributed. Multicollinearity test aims to test the correlation between independent variables. By looking at the value of Variance Inflation Factor (VIF) and tolerance, it can be concluded that in the regression model there is no multicollinearity. Heteroscedasticity test is performed to determine whether there is an inequality of variance from the residuals of one observation to another in the regression model, using the Scatter Plot graph in the regression model, there is no heteroscedasticity or H_0 is accepted.

The coefficient of determination test is carried out to find out the ability of the independent variable in explaining the dependent variable. Coefficient value (R) of 0.667 which shows the magnitude of the relationship between variables, with the coefficient of determination (Adjusted R square) of 0.738 or 73.8%. This means that the variables Pressure, Opportunity, Rationalization, Capability, Greed, and Exposure can explain the variable of fraud or fraud on pharmaceutical companies in North Sumatra by 73.80%. While the remaining 26.20% is explained by other variables outside the estimation model of this study.

The F test is used to test H_1 simultaneously to see the effect of the independent variables together on the dependent variable. The results of simultaneous testing (F test) showed that a significant value of 0.026 was smaller than 0.05 ($\text{Sig} = 0,000 < 0.05$) so that it can be concluded that simultaneously Pressure, Opportunity, Rationalization, Capability, Greed, and Exposure variables had a significant effect against fraud at pharmaceutical companies in North Sumatra.

Partial Significance Test (t test) was conducted to determine the effect of the independent variables partially and simultaneously had a significant effect on the

dependent variable, then the statistical analysis used was to use multiple regression analysis.

		Coefficients^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	2,758	1,575		1,751	,056
	PRESSURE	,007	,229	,005	,029	,027
	OPPORTUNITY	,014	,177	,011	,076	,009
	RATIONALIZATION	,023	,251	,016	,093	,000
	CAPABILITY	,138	,161	,124	,861	,003
	GREED	-,045	,132	-,050	-,344	,172
	EXPOSURE	,449	,190	,327	2,363	,062

$$Y = 2,758 + 0,007X1 + 0,014X2 + 0,023X3 + 0,138X4 - 0,045X5 + 0,449X6$$

The significant value of the pressure variable shows a value of 0.027 or smaller than the alpha value of 0.05 so that partially the pressure variable has a positive and significant effect on the fraud on Pharmaceutical Companies in North Sumatra. The pressure variable in this study is an interesting variable to study because many previous theories make pressure variable the factors that cause fraud. Cressey (1953) in his research stated that pressure is a factor when someone commits fraud among the causes is a financial problem that cannot be resolved by the perpetrators of the fraud and feels confident that secretly with their position or job they have and change their mindsets and concepts as a person who is trusted to hold assets for later using these assets. Albrecht et al (2012) states that most fraud occurs due to financial pressure or vice pressure where vice pressure is closely related to financial pressure, but the motivation for financial needs itself is based on bad habits of perpetrators' actions that are not in accordance with morality such as gambling, drug addiction, and it is different from the financial needs that are based on low income and unexpected financial needs. Besides that, the pressure at work also motivates someone to commit fraud, among others, because they want the performance of someone to get more recognition, fear of losing their jobs or the desire to move up and other factors are the mindset of someone who is challenged to defeat the existing system.

Therefore the variable pressure or pressure in this study shows that the pressure faced by someone in carrying out a job is able to trigger someone to commit fraud or fraud with many factors including financial pressures, bad habits, pressures related to work. In line with the research of Al-Hakim (2017) states that

the dominant factor causing fraud in the auditor's view is the pressure from the needs of the fraud perpetrators.

After getting the results of the data processed in this study, the researcher conducted a confirmation and interview related to the results of the research to the related company whose informants did not want to be mentioned talking about the fact that in the last few months there were several fraud problems that occurred in the company where it was revealed that there was one logistic staff in charge of delivering goods and billing in cash to the customer of the company, falsifying customer stamps and paid stamps where the bill money on customer cash payments were not deposited to the company cashier and after being examined and investigated there were several outlets affected by the act. the staff fraud and finally the staff was dismissed for his actions. From the above interview results obtained information such that the cause of the staff committed the act was not disclosed but in this case the researchers concluded that the case was included in the classification of fraud asset misappropriation which is called 'larcery' or theft in the form of looting which is due to weak internal control systems.

Another case that occurred was the discovery of a fictitious sale that occurred which eventually touched a company's trade receivables that were stuck and had not been billed for nearly two years. Initially this case was considered as a business risk that occurred in the company but after an inspection by the Internal Control Unit (SPI) the company was categorized as fraud or financial engineering caused by several parties which explained occurred because the sales target charged to the branch was too high and to reach the target those sales do not pay attention to good SOPs and mature customer ratings. This is supported and in line with several studies namely Mufakkir & Listiadi (2016) Academic Pressure has a significant positive effect on academic cheating, Purwanto, Mulyadi & Anwar (2017) research also shows that pressure influences fraud.

On the opportunity variable the significance value is 0.009 or smaller than the alpha value of 0.05 so that the opportunity variable partially has a positive and significant effect on fraud in Pharmaceutical Companies in North Sumatra. Opportunity is used to measure the extent to which opportunities can trigger fraud, usually due to weak internal control, lack of supervision and abuse of authority so as to trigger fraud or fraud. Cressey (1973) revealed that in a fraud triangle, a control system that contains weaknesses is an element that can trigger fraud if it is considered as a source of heat that can cause a fire, then the opportunity is likened to a fuel that keeps the fire burning.

The rationalization variable shows a significance value of 0,000 that is smaller than the APHA value of 0.05 therefore the variables partially have a positive and significant effect on Fraud in Pharmaceutical Companies in North Sumatra. Used to see the extent to which rationalization plays a role in fraud or fraud, because the reason for rationalization is the justification made by the fraud perpetrators. The results of this study have proven the previous theory that triangle fraud revealed by Cressey (1953), namely rationalization is a trigger factor for fraud, explained that in terms of rationalization carried out is looking for justification before committing a crime, not afterwards. Finding justification is actually a necessary part of committing crime. Rationalization is needed so that the

individual can digest his behavior against the law to maintain his identity as a trusted person. After committing these crimes the rationalization is then abandoned because it is no longer needed. Tuannakota (2010) explains that rationalization is a natural human instinct, where when we repeat a crime or violation there is a bad feeling. When we repeat it the action becomes easy, and then it becomes normal. When going to steal company money for the first time the justification is: "I'll pay later". Once the offender is successful, stealing repeatedly he does not need such rationalization.

The results of interviews with companies are also the case where it is asked whether in the procurement relationship to the hospital or the company's health department still often provides education and entertainment sponsors to related parties who are strategically positioned to smooth procurement and this is considered normal and reasonable in the process. Usually it also happens because of the compulsion to do support, in this case also the activity which is interpreted as fraud with a classification of corruption whose activities are kickback and bribery.

Ruankaew's research (2016) shows that rationalization is inseparable from the triggers for fraud that are inseparable from pressure and opportunity. Al-Hakim's (2017) research results also state that the most dominant factor causing fraud according to the perpetrators' recognition is rationalization in the form of a lack of understanding of the rules. The results of this study are also supported by previous research by Mulyadi & Anwar (2017) where rationalization simultaneously influences fraud and so also the research conducted by Mufakkir & Listiadi (2016) in his research relating to academic cheating behavior rationalization has a significant positive effect.

Then for the significant value of the capability variable is 0.003 which is smaller than the alpha value of 0.05 so that partially the capability variable has a positive and significant effect on fraud in pharmaceutical companies in North Sumatra. It is one of the important elements causing fraud as Wolfe and Hermanson (2004) found as a development of the Cressey Triangle Fraud theory so that Capability / ability is also determined as a variable to see the extent to which capability affects the Fraud. The ability to be an important thing that is interrelated rather than the elements that exist in improving the behavior of fraud that occurs. The capability element is an individual's ability to override internal control and change control for the personal interests of the offender, so basically fraud will not arise if someone does not have a good ability. Wolfe & Hermanson believes that fraud will not occur without the right person with the right ability to carry out every detail of the fraudulent activity. Described there are four indicators that can be observed to look for traces of fraud or fraud namely the position or function in the organization, the ability to understand and exploit the weaknesses of the accounting system and internal control, the belief that he will not be detected and if caught will easily get out of the problem and the ability to deal with the stress created by others when committing these bad deeds or cheating. Purwanto, Mulyadi & Anwar's research (2017) also shows that capability affects the procurement of goods and services fraud.

The greed variable shows a significance value of 0.172 or greater than the alpha value of 0.05 thus partially the greed variable has a negative and not significant effect on fraud in pharmaceutical companies in North Sumatra. Greed as the first factor mentioned as a cause of fraud. The greed factor tends to make a person blind to his actions, justifies any means to be able to fulfill his material desires Dewani & Chariri (2015) The results of Dewi's research (2017) states one of the factors of corruption in political aid due to greed related to money and position. And other studies Isgiyata, Indayani & Budiyni (2018) greed did not have a positive effect on fraud / fraud behavior in the procurement of government goods / services. In line with the pharmaceutical companies in North Sumatra greed has a negative and not significant effect on fraud. The results of this study are not in line with the GONE Theory from Bologne (1993) which states that Greed is one of the factors that cause fraud behavior.

It is known that the significant value of the exposure variable shows a significance value of 0.062 or greater than the alpha value of 0.05 so that partially the exposure variable has a positive and insignificant effect on the fraud on pharmaceutical companies in North Sumatra. As the GONE theory put forward by Bologne (1993) positioning exposure as a variable in the cause of fraud is intended to be a low penalty and disclosure of fraud that is not acted firmly will make the offender not deterred, this indicates someone who commits an act of fraud will do it repeatedly because they are not worried and afraid that their actions will be given strict sanctions. Likewise, a low sentence (exposes) does not guarantee that the cheating will not be repeated either by the same perpetrator or by other perpetrators. The lower the penalty level, the higher the potential for someone to commit fraud. The results of research from Isgiyata, Indayani & Budiyni (2018) show that the Exposure variable positively influences the behavior of fraud in the procurement of government goods / services.

5. Conclusion and Suggestion

5.1 Conclusion

From the results of the discussion explained in the previous chapter, the following conclusions can be drawn:

1. Pressure has a positive and significant effect on fraud on Pharmaceutical Companies in North Sumatra.
2. Opportunity has a positive and significant impact on fraud in Pharmaceutical Companies in North Sumatra.
3. Rationalization has a positive and significant effect on fraud in pharmaceutical companies in North Sumatra.
4. Capability to have a positive and significant effect on fraud in pharmaceutical companies in North Sumatra.
5. Greed has a negative and not significant effect on fraud in pharmaceutical companies in North Sumatra.
6. Exposure has a positive and not significant effect on fraud in pharmaceutical companies in North Sumatra.

5.2 Limitation

In this study there are some limitations that can be explained as follows:

1. In this study the sample companies only use 3 state-owned pharmaceutical companies in North Sumatra where the respondents in this study numbered 61 people from the 3 companies mentioned above.
2. The greed variable cannot be proven as a factor that influences the occurrence of fraud in this study, it is likely there are still many other factors that influence fraud.
3. In this study the pressure, opportunity, rationalization, capability, greed and exposure variables in explaining the occurrence of fraud are described as being only able to explain the fraud that occurred in pharmaceutical companies in northern Sumatra amounting to 73.5 % while the rest is explained by other variables outside this study.

5.3 Suggestion

The suggestions that can be given on the basis of these conclusions are as follows:

1. Companies need to further improve employee welfare where incentives or bonuses for performance are provided periodically so that fraud caused by financial pressures can be overcome. In addition, it also improves systems or procedures that provide opportunities to trigger fraud that can occur.
2. The next researcher is expected to increase the number of other independent variables such as Personal Ethics, Leader Idealism and the use of technology to minimize the occurrence of fraud / fraud.
3. Researchers can then add more and varied sample companies as scientific treasures for research in this field.

Reference

- Abdullahi, Mansor, Nuhu (2015), Fraud Triangle Theory and Fraud Diamond Theory: Understanding the Convergent and Divergent for Future Research.
- Al Hakim (2017), Auditor's Perception and Perpetrators of Factors Causing Fraud (Cases in the Special Region of Yogyakarta).
- Albrecht, et al. 2011. Asset Misappropriation Research White Paper for the Institute for Fraud Prevention.
- Bologna, G. Jack., Robert J. Lindquist and Joseph T. Wells. (1993). Investigation Audit. 4th Edition, New Jersey: Prentice-Hall.
- Cressey, D. R. (1953). Other People's Money. Montclair, NJ: Patterson Smith, pp.1300.
- Dorminey, Fleming, Kranacher & Riley (2012), The Evolution of Fraud Theory. Ancient Darwin. 2015. Towards a New Indonesia. Jakarta: Guepedia.
- Dellaportas (2012), Conversations with inmate accounts: Motivation, Opportunity and the Fraud Triangle.
- Dewani, R. A., & Chariri, A. (2015). Money laundering and the involvement of women (Artists): New challenges for investigative auditors. Diponegoro Journal of Accounting, 4 (3), 1-6.
- Ghozali, (2013). Techniques for preparing a Likert scale (summated scales) in accounting and business research. Semarang: fatawa publishing.

- Hamdani, Rizki. 2015. Corruption in Indonesia: Reasons, Objectives, Views, and Classifications. Yogyakarta: Thesis of Master of Accounting Program, Indonesian Islamic University.
- Hafiz, Muhammad Shareza. 2017. Analysis of the Utilization of Perpetrator Position in Corruption (Study of Perceptions of Academics and Practitioners in North Sumatra Province). Yogyakarta: Thesis of Master of Accounting Program, Gadjah Mada University.
- Hanapi (2017), Fraud Analysis on Procurement of Goods and Services (Case Study of Buol District).
- Indonesian Corruption Watch. 2017. "The Most Prone to Corruption of the Public Service Sector" Accessed December 26, 2018.
<https://antikorupsi.org/id/news/sektor-pelayanan-publik-paling-rawan-corruption>.
- Isgiyata, Indayani, Budioni, 2018. Study of Gone Theory and Its Effect on Fraud with Leadership Idealism as Moderation Variables: Study on Procurement of Goods / Services in Government. Journal of Accounting and Business Dynamics. Vol. 5 (1), pp. 31 -42.
- Kassem and Higson. 2012. The New Fraud Triangle Model. Journal of Emerging Trends in Economics and Management Sciences (JETEMS) 3 (3): 191-195 © Scholarlink Research Institute Journals, 2012 (ISSN: 2141-7024). British University. UK
- Mufakkir & Listiadi (2016), The Influence of Factors in the Fraud Triangle Dimensions on Fraud Behavior.
- Merdeka.com. 2018. "Prosecutors deposited Rp 4.2 Billion in compensation for medical devices in North Sumatra to the State treasury" Accessed December 5, 2018. <https://www.merdeka.com/peristiwa/kejaksaan-setor-uang-peng-replacement-orruption-alkes-in-sumut-rp-42-m-to-treasury-state.html>
- Okezone.com. 2018. "Prosecutor's North Sumatra Hold Corruption Alleged Medical Devices Worth Rp1.2 Billion" Accessed December 5, 2018. <https://news.okezone.com/read/2018/03/10/340/1870668/kejati-sumut-tahan-terangka-corruption-medical-devices-worth-Rp-1-2-billion>.
- Purwanto, Mulyadi & Anwar (2017), Study of Diamond Fraud Theory Concept in Supporting the Effectiveness of Goods / Services Procurement in Bogor City Government.
- Prabowo (2014), To be corrupt or not to be Corrupt: Understanding the behavioral side of corruption in Indonesia.
- Ristianingsih (2017), Study of Diamond Theory Fraud Concept in Detecting Fraud Behavior in Higher Education.
- Ruankaew (2016), Beyond the Fraud Diamond.
- Suryana & Sadeli (2015), Analysis of Factors Affecting Fraud. Journal of Accounting and Taxation Research (JRAP). Vol. 2, No. December 2, 2015, pp. 127-138. ISSN 2339-1545.
- Sugiyono (2016). Quantitative, Qualitative, and R&D Research Methods. Bandung: PT Alfabet.
- Tribunmedan.com. 2018. "Want to be Arrested by Corruption Suspects of Medical Devices Hiding Inside the Cabinets" Accessed on December 6, 2018.

<http://medan.tribunnews.com/2017/11/29/mau-draptured-tersangka-corruption-alat-k-Kesehatan-s-Hidden-in-in-the-closet>.

- Wolfe, David T .; Hermanson, Dana R. 2004. The Fraud Diamond: Considering the Four Elements of Fraud. CPA Journal; Dec2004, Vol. 74 Issue 12, p38.
- Zahara, 2016. The Effects of Pressure, Opportunity and Rationalization on Fraud (Fraud). (Survey of Corruption Prisoners at Class II A Penitentiary in Pekanbaru City).
- Zulaikha and Hadiprajitno, B, Th, P. 2016. Factors Influencing Procurement Fraud: A Study from the Perspective Perspective of External Auditors (Factors Affecting Procurement Fraud: A Study from the Perceived Perspective of External Auditors). Indonesian Journal of Accounting and Finance. Vol. 13, No. 2, pp. 194-22046.